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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Timothy J. Palmatier, Finance Director
Jefferson Parish Government
Gretna, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

FEB 04 2015

Release Date

We have performed the procedures enumerated below, which were agreed to by the Jefferson Parish Government, solely to assist you in ensuring compliance with the terms of the contract between Jefferson Parish and the Sewerage and Water Board of New Orleans dated January 10, 1989 for the quarter ended September 30, 2014. The Sewerage and Water Board of New Orleans is responsible for the presentation of the quarterly operations and maintenance costs of the Sewerage and Water Board of New Orleans' Pumping Station No. 6 (Drainage Pumping Station No. 6) in accordance with the terms of the January 10, 1989 contract between Jefferson Parish and the Sewerage and Water Board of New Orleans. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in the accompanying list of procedures and findings and Schedules 1 and 2.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the quarterly operations and maintenance costs of the Sewerage and Water Board of New Orleans' Pumping Station No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Jefferson Parish Government and is not intended to be and should not be used for any other purpose.

Kushner LaGraize, L.L.C.

January 16, 2015

PROCEDURES AND FINDINGS

1. Obtain and review the original contract and subsequent amendments between Jefferson Parish and the Sewerage and Water Board of New Orleans (The Agreement).

We obtained and reviewed the original contract without exception.

2. For the period being examined, obtain and review the budget of operations and maintenance costs for Drainage Pumping Station No. 6 and determine that the budget was presented to the Sewerage and Water Board of New Orleans (Sewerage and Water Board) Engineering Committee and Jefferson Parish as required by Section VI.C.2 of the Agreement.

The original agreement between Jefferson Parish and the Sewerage and Water Board states in section VI.C.2 that the board shall submit a budget of operations and maintenance expenses for Drainage Pumping Station No. 6 for approval to the Engineering Committee. Per discussion with the Sewerage and Water Board's Financial Administrator, the engineering committee does not exist. However, the Finance Department does submit a comprehensive annual budget for approval by the Board. It is made available to Jefferson Parish and the Public for review. We reviewed the operating and capital budgets, without exception.

3. Make inquiries as to the receipt of Federal Emergency Management Agency reimbursements for additional operations and maintenance expenses of Drainage Pumping Station No. 6.

We inquired as to the receipt of FEMA reimbursements. None were noted.

4. Obtained the quarterly invoice and underlying support for the period under examination. Recalculate the invoice and verify the clerical accuracy. Determine that the formulas used in the calculations are accurate and in accordance with the Agreement.

We recalculated the invoice received from the Sewerage and Water Board, without exception.

5. Review the central amounts invoiced to ensure that Jefferson Parish is invoiced for the proper percentage of the operations and maintenance costs in accordance with the terms of the Agreement.

We reviewed the central amounts invoiced. Jefferson Parish was invoiced for the proper percentage of operations and maintenance costs.

6. Review the Sewerage and Water Board's procedures for accounting for direct and allocated costs associated with Drainage Pumping Station No. 6 to ensure that the allocated methodology is acceptable under the terms of the Agreement.

We reviewed the Sewerage and Water Board of New Orleans's procedures for accounting for direct and allocated costs and did not note any exceptions according to the terms of this Agreement.

7. Review the Sewerage and Water Board's procedures for allocating expenditures between drainage, sewerage and water to ensure that there are no duplicate charges on the invoices to Jefferson Parish.

We reviewed the Sewerage and Water Board's procedures for allocating expenditures between drainage, sewerage and water and noted no duplicate charges.

8. Review the Sewerage and Water Board's cost for associated operations (high pressure gas cost, electrical restoration costs, etc.) to determine that such costs are being allocated properly between sewerage, water, and drainage and not being borne disproportionately by drainage costs at Drainage Pumping Station No. 6, which is shared with Jefferson Parish.

We reviewed the Sewerage and Water Board's procedures for allocating drainage cost without exception.

9. Review the Sewerage and Water Board's procedures for allocating drainage costs to Drainage Pumping Station No. 6 based on its pumping capacity as compared to the entire drainage operation to ensure that Jefferson Parish is not being invoiced for a disproportionate share of the Sewerage and Water Board's drainage costs.

We reviewed the Sewerage and Water Board's procedures for allocating drainage costs without exception. In our review, we used 9,580 cubic feet per second (CFS) as the capacity for Drainage Pumping Station No. 6, which was reviewed and approved by Jefferson Parish, and 50,891 CFS as the total drainage operations capacity, which was represented to us by the Sewerage and Water Board.

10. Obtain the Sewerage and Water Board's responses to findings and present the findings and responses in a report to the Jefferson Parish council.

No findings were noted.

11. Present a schedule of the costs billed to Jefferson Parish by quarter and year for the period under examination. Determine the percentage by which the invoiced costs have increased or decreased from period to period.

See Schedules 1 and 2.

**JEFFERSON PARISH GOVERNMENT
OPERATION AND MAINTENANCE COSTS
SCHEDULES 1 AND 2
PUMPING STATION No. 6**

Schedule 1 shows the pro rata cost of operations for DPS No. 6., as billed to Jefferson Parish.

<u>Costs Billed to Jefferson Parish</u>									
	*	*	*	*	*				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1st Quarter	\$ 130,621	\$ 105,571	\$ 84,102	\$ 92,953	\$ 137,581	\$ 139,164	\$ 123,344	\$ 184,221	\$ 182,319
2nd Quarter	309,434	130,616	303,795	177,033	180,068	137,057	157,322	156,321	206,596
3rd Quarter	231,565	185,212	167,006	164,107	177,436	175,380	200,449	184,191	204,850
4th Quarter	385,934	300,885	275,893	233,840	226,100	268,277	264,803	200,784	-
Totals	<u>\$ 1,057,554</u>	<u>\$ 722,284</u>	<u>\$ 830,796</u>	<u>\$ 667,933</u>	<u>\$ 721,185</u>	<u>\$ 719,878</u>	<u>\$ 745,918</u>	<u>\$ 725,517</u>	<u>\$ 593,765</u>

Schedule 2 shows the percentage change in billings from the previous years and the percentage increase/decrease in billings from 2007 through 2014.

	<u>Increase (Decrease) in Billed Costs from Previous Year</u>								
	*	*	*	*					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2006-2014</u>
1st Quarter	-19%	-20%	11%	48%	1%	-11%	49%	-1%	40%
2nd Quarter	-58%	133%	-42%	2%	-24%	15%	-1%	32%	-33%
3rd Quarter	-20%	-10%	-2%	8%	-1%	14%	-8%	11%	-12%
4th Quarter	-22%	-8%	-15%	-3%	19%	-1%	-24%		
Total per year	<u>-32%</u>	<u>15%</u>	<u>-20%</u>	<u>8%</u>	<u>0%</u>	<u>4%</u>	<u>-3%</u>	<u>-13%</u>	<u>-44%</u>

* Prepared by prior year Auditors.